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# COUNTRY PROGRAMMES AND RELATED MATTERS

# UNDP COOPERATION WITH TRINIDAD AND TOBAGO

Note by the Administrator

## I. PURPOSE AND BACKGROUND

1. The purpose of the present note is to provide an update to the Executive Board on UNDP activities since the end of 1993 and to give indications of the direction the UNDP programme will take between now and the end of 1996. It is expected that a country cooperation framework, to begin in 1997, will be submitted to the Executive Board no later than at its third regular session 1996.

2. The fourth country programme (1988-1991) was extended twice until the end of 1993. The net contributor country status of Trinidad and Tobago in the fourth programming cycle (1987-1991) was waived by the Governing Council in June 1993, after which the formal programming process began. By its decision 94/32, the Executive Board authorized the Administrator to approve programmes and projects for Trinidad and Tobago on a case-by-case basis.

## II. NATIONAL DEVELOPMENT OBJECTIVES, STRATEGIES AND CURRENT SOCIO-ECONOMIC SITUATION OF TRINIDAD AND TOBAGO

3. After seven consecutive years of decline, the economy of Trinidad and Tobago registered a rate of growth of 1.5 per cent in 1990. This achievement was due primarily to the enhanced performance of the petroleum sector, facilitated by increases in refinery throughput and stabilization of crude oil production. Continued expansion in economic activity was experienced during 1991 as real gross domestic product (GDP) almost doubled its rate of growth when

compared with the previous year. This improved performance was attributable to an expansion in the output of the non-petroleum sector, led by the manufacturing and services sectors while output in the petroleum sector increased marginally. Following upon the fragile growth achieved in 1990 and in 1991, the process of economic recovery experienced a setback during 1992-1993 with marginal contraction in both years. The decline reflected mainly the slow-down in activity in the petroleum sector and the initial negative impact of trade liberalization on the manufacturing sector. However, in 1994 the economy experienced an overall growth rate of 4.0 per cent, the highest since 1981. This was the result of expansion in the petroleum and the non-oil sectors, which registered increases in output of 10.5 per cent and 1.8 per cent, respectively.

4. In response to initiatives directed at broadening the revenue base and enhancing revenue collection as well as efforts at restructuring the State enterprise sector, the fiscal accounts improved considerably in 1993 and 1994 to register overall deficits of only 0.2 per cent of GDP. Within the last two years, there has been a temporary stepping-up in the rate of price increases largely owing to the effects of the initial depreciation of the Trinidad and Tobago dollar, which followed the liberalization of the exchange rate in 1993. However, there was strong evidence of a significant abatement of inflationary pressures by the third and fourth quarters of 1994.

5. Despite these positive developments, the economic situation remains somewhat fragile. Unemployment, although declining, remains around 18 per cent of the labour force, with the incidence being particularly high among young persons in the 19 to 25 age group.

6. In response to the challenges facing the economy, the Government has set out the following broad goals and objectives in its medium-term policy framework 1994-1996:

(a) Realization of sustained economic growth through productivity increases, expansion of output in export-oriented activities, and further diversification of the productive base of the economy;

(b) Sustainable and substantial expansion in employment generation;

(c) Appropriate surpluses on the overall fiscal and balance of payments accounts and the attainment of an adequate level of foreign exchange reserves;

(d) Sustained reduction in inflation levels;

(e) Effective social safety net programme;

(f) Environmental protection.

7. A major concern of the Government lies in the adverse effects of the adjustment process on the population. The process of structural adjustment has produced some short-term costs, particularly among the more vulnerable groups of the population. The general decline in living standards, together with a deterioration of social infrastructure and, by extension, the quality of social services available to the poor and indigent, threaten to undermine the successes

gained on the economic front. In an effort to mitigate the resulting dislocation, there has been an expansion in the social safety net. Additionally, the Government has stepped up investment in basic social infrastructure in health, education and housing.

## III. UNDP COOPERATION 1994-1996

8. The total amount of indicative planning figure and programme/project cost-sharing resources for the period 1994-1996 amounts to $1,803,361. The two areas of concentration are: (a) improvement of national environmental management, and (b) restructuring of the delivery system for social services.

### A. Improvement of national environmental management

9. The government programme in the environmental field consists of three main components: strengthening national environmental management capacity; addressing specific environmental issues; and strengthening the capacity of environmental non-governmental organizations (NGOs) to preserve the environment. UNDP will continue to sponsor public consultations that are expected to contribute to and impact on the formulation and adoption of environmental policy and legislation. UNDP support is also expected to contribute to and impact on the establishment and subsequent institutional strengthening of the Environmental Management Authority (EMA) and the design and implementation of a comprehensive public education programme on environmental issues. UNDP will train EMA staff; introduce standardized information systems that provide a common basis for decision-making; provide research and analysing equipment and streamline the current institutional framework in the environmental field. This represents a continuation of ongoing cooperation in the field of environment and falls within the UNDP focus area of environment and natural resources management, thereby contributing to the overall objective of sustainable human development (SHD). An amount of $833,000 or 46 per cent of total resources available for the period 1994-1996, have been allocated to the establishment of the EMA and to the improvement of environmental legislation.

10. In addition to providing support to the strengthening of the environmental management capacity of the Government, UNDP has also been asked to support government efforts to strengthen the environmental NGOs. Assistance in the amount of $250,000 annually was obtained from the Global Environment Facility (GEF), co-financed by the McArthur Foundation for a total amount of $300,000, for the period 1995-1997. In 1990, the Government of Trinidad and Tobago signed an environmental loan of $4 million with the Inter-American Development Bank (IDB) as part of a $5 million national programme for the environment. The programme will cover studies on basic environmental and natural resource issues and on the reclamation of mined lands as well as an environmental protection and rehabilitation programme. However, the national programme has suffered from inadequate management capacity and is still to be fully implemented. It is expected that the EMA will assist in strengthening the management capacity of the programme.

11. It is expected that at the end of the programme, UNDP cooperation will have facilitated initiatives in the environmental sector that have resulted in improved environmental management. Concrete improvements are expected with regard to environmental indicators pertaining to the pollution of soil, water and air.

### B. Restructuring of the delivery system for social services

12. The main focus of the government social sector programme is the development of an efficient social services delivery system based on involvement of NGOs and communities. UNDP cooperation will support the design and testing of the system, which will entail the division of the country into catchment areas based on geography, population density, levels of unemployment and poverty. In each area, a community-based institutional arrangement will be established to target the specific needs of individuals and families with a view to referring clients to the appropriate specialist agency or NGO for rehabilitation assistance. An amount of $225,000 or 13 per cent of resources available for the period 1994-1996 have been allocated to the restructuring of the system. Furthermore, Special Programme Resources for SHD will be used for funding those aspects of the programme that relate specifically to the empowerment of communities. In terms of social sector reform, the UNDP contribution will be significant in the design of a participatory approach to social development that could be a model for countries at a similarly high stage of development. To enhance the role of the NGOs, UNDP will provide $100,000 from its Partners-in-Development Programme to strengthen and support social sector NGOs and their programmes.

13. At the end of the cycle, cooperation with UNDP is expected to have resulted in a more targeted and efficient system for the delivery of social services. The system should also contribute to the effective utilization of the funds obtained by the Government under an IDB loan for the establishment of a social fund, which would also rely on the NGOs for distribution. The results are expected to have a measurable impact on the incidence of poverty in Trinidad and Tobago. Concrete improvements are expected with regard to life expectancy and access to social services such as health care and education.

## IV. EXECUTIVE BOARD ACTION

14. The Executive Board may wish to:

Take note of the programme objectives for Trinidad and Tobago, covering the period 1994-1996, as contained in the present note.

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